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SEVENTY-SIXTH REPORT

of the

Board of Directors

of the

Lehigh Valley Railroad Company

to the

Stockholders

For the Year Ended December 31, 1929

Lehigh Valley Railroad Company

Board of Directors

JAMES F. BELL	EFFINGHAM B. MORRIS, JR.
MORRIS L. CLOTHIER	GEORGE T. SLADE
HENRY B. COXE	JOHN R. SPROUL
ALAN C. DODSON	ALFRED H. SWAYNE
FRED M. KIRBY	S. BRINCKERHOFF THORNE
EDWARD S. MOORE	HARRY C. TREXLER
EDWARD E. LOOMIS, Ex-Officio	

Officers

E. E. LOOMIS.....	PRESIDENT
C. E. HILDUM.....	EXECUTIVE VICE PRESIDENT
JOHN DUFFY.....	VICE PRESIDENT—TRAFFIC
G. H. FOSTER.....	VICE PRESIDENT—OPERATION
R. W. BARRETT.....	VICE PRESIDENT AND GENERAL COUNSEL
D. G. BAIRD.....	SECRETARY
A. F. BAYFIELD.....	TREASURER

LEHIGH VALLEY RAILROAD COMPANY

Seventy-sixth Report

Philadelphia, Pa., February 17, 1930.

To the Stockholders of the Lehigh Valley Railroad Company:

The Board of Directors submits herewith its report for the year ended December 31, 1929.

INCOME

Total Operating Revenues.....	\$71,722,735.13
Total Operating Expenses	53,501,133.80
Net Operating Revenue	\$18,221,601.33
Railway Tax Accruals.....	\$3,688,875.83
Uncollectible Railway Revenues....	9,563.06
Equipment Rents—Net	1,605,553.25
Joint Facility Rents—Net	20,947.26
	5,283,044.88
Net Railway Operating Income.....	\$12,938,556.45
Other Income	1,877,181.58
Total Income	\$14,815,738.03
Deductions from Income	7,453,164.16
Net Income	\$7,362,573.87

PROFIT AND LOSS

Balance, December 31, 1928	\$62,901,637.94
Transferred from Income.....	7,362,573.87
Equipment Retirements	2,948,996.78
Micellaneous Item—Net	657,928.92
Dividends:—	\$66,657,286.11
Regular 7%, or \$3.50 per \$50 share—	
Common	\$4,235,119
Regular 10%, or \$5.00 per \$50 share—	
Preferred	10,630
Extra 2%, or \$1.00 per \$50 share—	
Common	1,210,034
	5,455,783.00
Balance, December 31, 1929.....	\$61,201,503.11

A comparative income statement in detail will be found on page 10.

LEHIGH VALLEY RAILROAD COMPANY

FINANCIAL

At the close of the year your Company held in its Treasury unpledged securities amounting to \$34,288,485.51, and, in addition, the following securities of its own issue:

General Consolidated Mortgage Bonds.....	\$25,400,000
Consolidated Real Estate Co. Bonds (assumed) ..	2,600,000
	<hr/>
	\$28,000,000

Your Company has practically no maturities of outstanding obligations to meet for the next nine years, when an issue of \$8,500,000 becomes due, the refunding of which is provided for in the General Consolidated Mortgage.

Since September 30, 1903, the date of the General Consolidated Mortgage, expenditures of approximately \$75,000,000 have been made for Additions and Betterments to the property of your Company and for other capital purposes, against which no new or additional securities have been issued.

Since March 1, 1920, the end of Federal Control, the funded debt of your Company has been reduced \$2,912,000. During this period there has been a net increase in its property investment of \$49,500,000.

The bonds of the Lehigh Valley Railroad Company and its subsidiaries in the hands of the public, as of December 31, 1929, amounted to \$138,675,000. The average interest rate is 4.56 per cent.

Your Company has no equipment trust obligations.

ROAD AND EQUIPMENT

Expenditures for Additions and Betterments to road and equipment during 1929, including expenditures on subsidiary properties, amounted to \$9,730,961.84. Full details are shown on page 14.

Construction of the new double-track lift bridge spanning Newark Bay and leading directly into your Company's Claremont Terminal, on New York Bay, was practically completed at the close of the year and was opened for service on January 23, 1930. This

LEHIGH VALLEY RAILROAD COMPANY

bridge—owned jointly by your Company and the Pennsylvania Railroad—was built to meet requirements of the Federal Government for a 35-foot clearance above high water. With approaches, it is 3,944 feet long.

Reconstruction of Oak Island Yards, Newark, necessitated by the elevation of the Newark Bay Bridge, made satisfactory progress. A new interlocking plant and gravity car retarder system, used in classifying freight, have been installed and are now in operation.

Additions to passenger car equipment included four new gas-electric motor cars and five trailer coaches for use in territory where motorized service is operated.

Freight carrying equipment of your railroad was increased during the year by the purchase of 700 seventy-ton composite coal cars; 200 seventy-ton steel gondolas and 300 fifty-ton all steel automobile cars.

Additions to facilities for handling freight included a 30-ton gantry crane and a crawler crane with a 45-inch magnet at Grand Street, Jersey City. At Perth Amboy the coal car dumper was equipped for electrical operation.

At Henderson Street, Jersey City, your Company constructed for commercial purposes, a modern concrete coal handling plant with a capacity of 4,000 tons.

Equipment in New York Harbor was increased by the purchase of one steam lighter and ten 500-ton gas-hoist derrick lighters for use in handling structural steel and other heavy freight.

Two new gas-electric locomotives for use in the freight yards at Twenty-seventh Street and 149th Street, New York City, were purchased and placed in service during the year.

A tie-adzing and boring mill was installed at the tie treating plant of your Company at Manville, N. J., and a modern concrete 1,700-ton capacity engine coaling and sanding plant was constructed at Coxton, Pa. New salt water lines were installed at the Jersey City Terminal to insure greater protection against fire hazards. A dry lumber shed was built at Sayre, adjacent to the General Storehouse of your Company, where lumber operations have been centralized.

LEHIGH VALLEY RAILROAD COMPANY

Approximately seventy-nine miles of 136-pound rail—the Company's standard and the heaviest used by any road—were laid during the year. The main line is now 95.2% laid with this heavy rail.

Eighty-two per cent. of all the ties in your Company's main tracks and sidings are now creosoted. Ties installed during 1929 totaled 163,677, an average of 48 per track mile—the lowest in the history of your Company. This compares with an average of 195 ties per track mile installed ten years ago—an indication of the effectiveness of the creosoted tie.

Remote control interlocking systems were installed at several points resulting in the elimination of stops for train orders and placing the movement of trains on a more efficient and economical basis.

GENERAL REMARKS

During the year, seventy-nine industries were located along the line of the Lehigh Valley. Approximately five miles of new industrial side-tracks were constructed. The Industrial Department has a complete list of available sites and buildings for the location of industrial plants, or for warehousing purposes.

The new twelve-story fireproof warehouse, of concrete construction, adjacent to the Lehigh Valley Terminal at 149th Street and Harlem River, the Bronx, New York City, was completed and good progress made in renting space to tenants requiring the character of service offered. This facility brings to Lehigh Valley rails several important industries.

Use of your Company's modern port facilities at Claremont Terminal, Jersey City, increased over 50% during the year. Ocean-going steamers docking at this point handled export and import freight to and from ports in all parts of the world.

Usual high standards of passenger and freight service were maintained throughout the year. Lehigh Valley passenger trains between Pennsylvania Station in New York, and Reading Terminal in Philadelphia, and Wilkes-Barre, Rochester, Buffalo, Toronto, Detroit and Chicago were given faster schedules, while the service was further improved by additional club cars and sleeping car lines.

LEHIGH VALLEY RAILROAD COMPANY

On March 1, 1929, the railroads of this country, through the Railway Express Agency, Inc., assumed control of the American Railway Express Company properties and operations. Under this arrangement your Company is now a part owner of the express business.

Mr. John A. Middleton, Vice President—Traffic, an executive officer since 1903, died on November 17, 1929. Mr. John Duffy was elected Vice President—Traffic.

Thanks are due the employees of the Company for their loyal service and co-operation.

E. E. LOOMIS,
President.

LEHIGH VALLEY RAILROAD COMPANY

GENERAL BALANCE SHEET

ASSETS		
INVESTMENTS:		
In road (See Note below)	\$39,345,321.79	.....
In equipment	69,036,215.35	.....
		\$108,381,537.14
Improvements on leased railway property		1,892,602.46
Miscellaneous physical property		120,826.92
Investments in affiliated companies:		
Stocks	\$53,521,793.28	.....
Bonds	20,856,130.00	.....
Advances	43,422,822.67	.....
		117,800,745.95
Other investments:		
Stocks	\$1,181,309.45	.....
Bonds	6,496,591.68	.....
Notes	47,381.88	.....
Miscellaneous	28,822.88	.....
		7,754,105.89
Total investments		235,949,818.36
CURRENT ASSETS:		
Cash	\$4,879,984.38	.....
Special deposits	18,248.95	.....
Loans and bills receivable	2,201.65	.....
Traffic and car-service balances receivable	797,654.84	.....
Net balance receivable from agents and conductors	996,975.11	.....
Miscellaneous accounts receivable	1,142,902.25	.....
Material and supplies	4,286,922.15	.....
Interest and dividends receivable	94,016.05	.....
Rents receivable	10,248.30	.....
Other current assets	281,004.90	.....
Total current assets		12,510,158.58
DEFERRED ASSETS:		
Working fund advances	\$114,607.63	.....
Insurance and other funds	47,214.60	.....
Other deferred assets	4,954.60	.....
Total deferred assets		166,776.83
UNADJUSTED DEBITS:		
Rents and insurance premiums paid in advance	\$23,481.01	.....
Other unadjusted debits	2,554,225.40	.....
Total unadjusted debits		2,577,706.41
TOTAL ASSETS		\$251,204,460.18

NOTE:—The item Investment in Road represents only road property of Lehigh Valley Railroad Company proper (Phillipsburg, N. J., to Wilkes-Barre, Pa.). The total road and equipment investment of the system, including transportation subsidiaries, owned by your Company, is \$263,899,291.85.

LEHIGH VALLEY RAILROAD COMPANY

DECEMBER 31, 1929

LIABILITIES

Stock:		
Common stock	\$60,501,700.00	.....
Preferred stock	106,300.00	.....
Total stock outstanding		\$60,608,000.00
LONG-TERM DEBT:		
Funded debt	\$117,936,000.00	.....
Less—Funded debt held in treasury ...	28,000,000.00	.....
Total long-term debt outstanding ...		89,936,000.00
CURRENT LIABILITIES:		
Traffic and car-service balances payable.	\$94,468.15	.....
Audited accounts and wages payable....	4,434,008.24	.....
Miscellaneous accounts payable.....	287,224.91	.....
Interest matured unpaid.....	390,971.25	.....
Dividends matured unpaid	22,710.79	.....
Funded debt matured unpaid	14,000.00	.....
Unmatured dividends declared.....	2,271,471.25	.....
Unmatured interest accrued.....	609,981.67	.....
Unmatured rents accrued	503,824.76	.....
Other current liabilities.....	306,548.63	.....
Total current liabilities.....		8,935,209.65
DEFERRED LIABILITIES:		
Liability for provident funds	\$20,229.37	.....
Other deferred liabilities	86,396.96	.....
Total deferred liabilities		106,626.33
UNADJUSTED CREDITS:		
Tax liability	\$2,636,361.47	.....
Accrued depreciation—Equipment	25,393,833.13	.....
Accrued depreciation—Miscellaneous		
Physical Property	89,025.34	.....
Other unadjusted credits.....	2,041,622.14	.....
Total unadjusted credits.....		30,160,842.08
CORPORATE SURPLUS:		
Additions to property through income and surplus.....	\$256,279.01	.....
Profit	61,201,503.11	.....
Total corporate surplus.....		61,457,782.12
TOTAL LIABILITIES.....		\$251,204,460.18

LEHIGH VALLEY RAILROAD COMPANY

INCOME STATEMENT

For the Years Ended December 31, 1929 and 1928

	1929	1928	INCREASE OR Decrease
AVERAGE MILES OF ROAD OPERATED.....	1,361.76	1,363.68	1.92
OPERATING REVENUES:			
Anthracite coal freight revenue....	\$19,175,954.05	\$18,835,626.73	\$340,327.32
Bituminous coal freight revenue...	1,844,012.80	1,568,046.14	275,966.66
Merchandise freight revenue.....	38,339,440.45	39,106,183.43	766,742.98
Passenger revenue.....	6,506,172.51	6,994,660.47	488,487.96
Mail revenue.....	541,339.51	339,950.22	201,389.29
Express revenue.....	1,308,212.30	1,271,553.15	36,659.15
Other transportation revenue.....	2,749,432.29	2,751,054.37	1,622.08
Incidental revenue.....	1,258,171.22	1,067,996.66	190,174.56
Total Operating Revenues.....	\$71,722,735.13	\$71,935,071.17	\$212,336.04
OPERATING EXPENSES:			
Maintenance of way and structures.	\$6,110,455.96	\$6,428,685.44	\$318,229.48
Maintenance of equipment.....	15,014,837.92	14,635,724.53	379,113.39
Traffic expenses.....	1,718,254.37	1,628,520.92	89,733.45
Transportation expenses.....	28,501,634.73	29,019,793.11	518,158.38
Miscellaneous operations.....	390,073.43	397,130.94	7,057.51
General expenses.....	1,773,974.43	1,726,434.17	47,540.26
Transportation for investment—Cr.	8,097.04	9,353.97	1,256.93
Total Operating Expenses.....	\$53,501,133.80	\$53,826,935.14	\$325,801.34
NET OPERATING REVENUE.....	\$18,221,601.33	\$18,108,136.03	\$113,465.30
DEDUCTIONS FROM REVENUE:			
Railway tax accruals.....	\$3,688,875.83	\$3,677,543.47	\$11,332.36
Uncollectible railway revenues.....	9,563.06	18,960.10	9,397.04
Equipment rents—net.....	1,605,553.25	2,030,548.16	424,994.91
Joint facility rents—net.....	20,947.26	65,958.06	86,905.32
NET RAILWAY OPERATING INCOME	\$12,938,556.45	\$12,315,126.24	\$623,430.21
OTHER INCOME:			
Misc. non-operating physical property	\$220,029.78	\$188,734.25	\$31,295.53
Separately operated properties—profit	211,879.40	241,218.13	29,338.73
Dividend income.....	619,454.00	461,559.33	157,894.67
Income from funded securities.....	595,392.06	671,836.17	76,444.11
Income from unfunded securities and accounts.....	160,802.22	189,091.29	28,289.07
Miscellaneous income.....	69,624.12	68,184.73	1,439.39
Total Other Income.....	\$1,877,181.58	\$1,820,623.90	\$56,557.68
Total Income.....	\$14,815,738.03	\$14,135,750.14	\$679,987.89
DEDUCTIONS FROM INCOME:			
Rent for leased roads.....	\$2,342,782.16	\$2,345,833.57	\$3,051.41
Miscellaneous rents.....	377,332.02	350,620.06	26,711.96
Miscellaneous tax accruals.....	448,061.76	441,533.42	6,528.34
Interest on funded debt.....	4,034,855.00	4,020,759.44	14,095.56
Interest on unfunded debt.....	26,844.40	16,738.00	10,106.40
Miscellaneous income charges.....	223,288.82	313,758.62	90,469.80
Total Deductions from Income....	\$7,453,164.16	\$7,489,243.11	\$36,078.95
Net Income.....	\$7,362,573.87	\$6,646,507.03	\$716,066.84

LEHIGH VALLEY RAILROAD COMPANY

DESCRIPTION	DATE OF ISSUE	DATE OF MATURITY	IN TREASURY OF THE COMPANY	IN HANDS OF THE PUBLIC	INTEREST		
					RATE	PAYABLE	ACCRUED DURING THE YEAR
LEHIGH VALLEY RAILROAD COMPANY:							
First Mortgage Bonds.....	May 15, 1863	June 1, 1948	.....	\$5,000,000	4%	June and Dec.	\$200,000.00
Consolidated Mortgage Bonds.....	Nov. 13, 1873	{ Perpetual { Perpetual	.....	10,062,000	6%	June and Dec.	603,720.00
			.....	2,538,000	4½%	June and Dec.	114,210.00
*General Consolidated Mtg. Bonds.	Sept. 30, 1903	May 1, 2003	.....	39,639,000	4%	May and Nov.	1,585,560.00
CONSOLIDATED REAL ESTATE COMPANY:							
First Mortgage Bonds.....	Feb. 1, 1906	Feb. 1, 1956	.....	24,400,000	4½%	May and Nov.	¶ 931,365.00
			.....	2,600,000	5%	May and Nov.	¶ 600,000.00
Total Funded Debt and Interest			.....	.....	4%	Feb. and Aug.	¶
			\$28,000,000	\$89,936,000	.....	.....	\$4,034,855.00

*Amount of authorized issue, \$150,000,000.

¶ Excludes interest on securities in the Treasury.

Guaranties and Rentals, Year Ended December 31, 1929

GUARANTIES	DATE OF ISSUE	DATE OF MATURITY	IN HANDS OF THE PUBLIC	GUARANTIES AND RENTALS		
				RATE	PAYABLE	ACCRUED DURING THE YEAR
ENTIRE CAPITAL STOCK OWNED:						
Lehigh Valley Terminal Ry. Co., First Mtg. Bonds.	Oct. 1, 1891	Oct. 1, 1941	\$9,999,000	5%	April and Oct.	\$499,950.00
Easton & Northern Railroad Co., First Mtg. Bonds.	Oct. 7, 1895	Nov. 1, 1935	50,000	4½%	May and Nov.	2,250.00
			{ 4,000,000	5%	April and Oct.	200,000.00
Penna. & N.Y. Canal & RR. Co., Consol. Mtg. Bonds	Nov. 13, 1888	April 1, 1939	{ 1,500,000	4½%	April and Oct.	67,500.00
			{ 3,000,000	4%	April and Oct.	120,000.00
The Lehigh Valley Rail Way Co., First Mtg. Bonds	June 23, 1890	July 1, 1940	15,000,000	4½%	Jan. and July	675,000.00
Middlesex Valley Railroad Co., First Mtg. Bonds..	Aug. 26, 1892	Nov. 1, 1942	190,000	5%	May and Nov.	9,500.00
The Lehigh & Lake Erie RR. Co., First Mtg. Bonds	Mar. 1, 1907	Mar. 1, 1957	3,000,000	4½%	Mar. and Sept.	135,000.00
Lehigh Valley Harbor Ter. Ry. Co., First Mtg. Bonds	Feb. 1, 1924	Feb. 1, 1954	10,000,000	5%	Feb. and Aug.	500,000.00
MAJORITY CAPITAL STOCK OWNED:						
Lehigh & N. Y. Railroad Co., First Mtg. Bonds.....	Aug. 24, 1895	Sept. 1, 1945	2,000,000	4%	Mar. and Sept.	80,000.00
Total .....			.....	.....	.....	\$2,289,200.00
RENTALS—LINES NOT OWNED:			\$48,739,000	.....	.....	.....
State Line and Sullivan Railroad Co.....						40,000.00
Raritan Terminal and Transportation Co.....						2,000.00
New York Central Railroad Co.....						11,582.16
Total Interest and Rentals.....						\$2,342,782.16

LEHIGH VALLEY RAILROAD COMPANY

General Operating Results for the Years Ended December 31, 1929 and 1928

	1929	1928	INCREASE OR Decrease	PER CENT.
TRAIN AND LOCOMOTIVE MILEAGE				
Revenue freight train miles—locomotive....	6,385,061	6,550,122	165,061	2.52
Revenue passenger train miles—locomotive.	2,659,584	2,730,807	71,223	2.61
Revenue milk and express train miles— locomotive	906,069	952,124	46,055	4.84
Revenue mixed train miles—locomotive....	102,374	104,581	2,207	2.11
Revenue special train miles—locomotive....	2,147	2,685	538	20.04
Total revenue service train miles—loco- motive	10,055,235	10,340,319	285,084	2.76
Revenue freight train miles—motor.....	708	1,020	312	30.59
Revenue passenger train miles—motor.....	1,057,244	998,595	58,649	5.87
Revenue mixed train miles—motor.....	3,732	19,620	15,888	80.98
Total revenue service train miles— motor	1,061,684	1,019,235	42,449	4.16
Total revenue service train miles.....	11,116,919	11,359,554	242,635	2.14
Helping and light freight locomotive miles..	1,432,712	1,458,711	25,999	1.78
Helping and light passenger locomotive miles	323,310	437,270	113,960	26.06
Helping and light mixed locomotive miles..	10,359	3,767	6,592	174.99
Helping and light special locomotive miles.	679	535	144	26.92
Total revenue service locomotive miles, ex- cluding switching and motor.....	11,822,295	12,240,602	418,307	3.42
Switching locomotive miles.....	5,427,298	5,277,040	150,258	2.85
Total revenue service locomotive miles, excluding motor.....	17,249,593	17,517,642	268,049	1.53
Non-revenue service locomotive miles.....	495,594	583,013	87,419	14.99
Per cent. helping and light of revenue service locomotive miles, excluding switching and motor	14.95	15.52	.57	3.67
CAR MILEAGE				
Freight car mileage—loaded.....	207,726,117	208,941,207	1,215,090	.58
Freight car mileage—empty.....	111,821,917	115,760,237	3,938,320	3.40
Freight car mileage—caboose.....	6,858,221	7,022,852	164,631	2.34
Total freight car miles.....	326,406,255	331,724,296	5,318,041	1.60
Average number of loaded freight cars per train	32.08	31.43	.65	2.07
Average number of empty freight cars per train	17.27	17.41	.14	.80
Average number of all freight cars per train	49.35	48.84	.51	1.04
Per cent. loaded of total car miles.....	63.64	62.98	.66	1.05
Per cent. empty of total car miles.....	34.26	34.90	.64	1.83
Per cent. caboose of total car miles.....	2.10	2.12	.02	.94
Passenger car miles—including Pullman....	18,549,717	19,001,467	451,750	2.38
Baggage, dining, mail, express and milk car miles	17,062,896	17,155,051	92,155	.54
Total passenger car miles.....	35,612,613	36,156,518	543,905	1.50
Average number of passenger train cars per passenger train	7.68	7.69	.01	.13
Special revenue service car miles.....	35,426	39,071	3,645	9.33
Non-revenue service car miles.....	682,126	825,601	143,475	17.38

LEHIGH VALLEY RAILROAD COMPANY

General Traffic Results for the Years Ended December 31, 1929 and 1928

	1929	1928	INCREASE OR Decrease	PER CENT.
Average miles of road operated.....	1,361.76	1,363.68	1.92	.14
FREIGHT TRAFFIC				
Tons of revenue freight carried.....	30,005,044	29,522,290	482,754	1.64
Tons of company freight carried.....	2,529,903	2,551,233	21,330	.84
Tons of all freight carried.....	32,534,947	32,073,523	461,424	1.44
Tons of revenue coal carried one mile.....	1,716,522,002	1,685,250,116	31,271,886	1.86
Tons of revenue merchandise carried one mile	3,428,097,544	3,452,424,039	24,326,495	.70
Tons of company freight carried one mile...	210,925,027	172,460,925	38,464,102	22.80
Tons of all freight carried one mile.....	5,355,544,573	5,310,135,080	45,409,493	.86
Tons of revenue freight carried one mile per mile of road	3,777,919	3,767,507	10,412	.28
Average distance revenue freight carried— in miles	171.46	174.03	2.57	1.48
Revenue from freight	\$59,359,407.30	\$59,509,856.30	\$150,449.00	.25
Average revenue per ton carried.....	\$1.97-831	\$2.01-576	\$.03-745	1.86
Average revenue per ton per mile—in cents	1.154	1.158	.004	.35
Freight revenue per mile of road operated..	\$43,590.21	\$43,039.16	\$48.95	.11
Freight revenue per revenue freight train mile	\$9.16-625	\$8.94-607	\$22-018	2.46
Tons of revenue freight per revenue freight train	794.43	772.34	22.09	2.86
Tons of all freight per revenue freight train	827.00	798.27	28.73	3.60
Tons of all freight hauled per revenue service locomotive, excluding switching miles	675.31	654.18	21.13	3.23
Average number of tons of all freight in each loaded car	25.78	25.41	.37	1.46
PASSENGER TRAFFIC				
Revenue passengers carried	2,674,621	2,980,387	305,766	10.26
Revenue passengers carried one mile.....	222,438,119	237,376,743	14,938,624	6.29
Revenue passengers carried one mile per mile of road	163,346	174,071	10,725	6.16
Average distance carried—in miles.....	83.17	79.65	3.52	4.42
Revenue from passengers	\$6,506,172.51	\$6,994,660.47	\$488,487.96	6.98
Average revenue per passenger—in cents...	243.256	234.690	8.566	3.65
Average revenue per passenger per mile—in cents	2.925	2.947	.022	.75
Average revenue from passengers per passenger train mile (excluding milk and express)	\$1.74-296	\$1.86-391	\$.12-095	6.49
Passenger service train revenue	\$10,129,827.98	\$10,455,501.73	\$325,673.75	3.11
Passenger service train revenue per mile of road	\$7,438.78	\$7,667.12	\$228.34	2.98
Passenger service train revenue per train mile (including milk and express).....	\$2.18-367	\$2.22-230	\$.03-863	1.74
Average revenue passengers per car.....	12	12		
Average revenue passengers per train (including mixed)	60	63	3	4.76
REVENUES AND EXPENSES				
Freight and passenger revenue.....	\$65,865,579.81	\$66,504,616.77	\$638,936.96	.96
Freight and passenger revenue per mile of road	\$48,367.98	\$48,768.42	\$400.44	.82
Total operating revenues	\$71,722,735.13	\$71,935,071.17	\$212,336.04	.30
Total operating revenues per mile of road..	\$52,069.15	\$52,750.70	\$681.55	.15
Operating expenses	\$53,501,133.80	\$53,826,935.14	\$325,801.34	.61
Ratio of operating expenses to operating revenues	74.59%	74.82%	.23%	.31
Operating expenses per mile of road.....	\$39,288.23	\$39,471.82	\$183.59	.47
Net operating revenue	\$18,221,601.33	\$18,108,136.03	\$113,465.30	.63
Net operating revenue per mile of road.....	\$13,380.92	\$13,278.88	\$102.04	.77

LEHIGH VALLEY RAILROAD COMPANY

Additions and Betterments, Entire System, Year Ended December 31, 1929

	EXPENDITURES AND CHARGES	RETIREMENTS	NET AMOUNT
Engineering	\$80,267.53	\$608.59	\$79,658.94
Land for transportation purposes	102,583.43	122,123.27	19,539.84
Grading	894,305.18	13,075.88	881,229.30
Tunnels and subways.....	10,964.47	.....	10,964.47
Bridges, trestles and culverts.....	1,036,286.78	509.57	1,035,777.21
Ties	218,134.54	35,661.65	182,472.89
Rails	315,268.68	46,456.29	268,812.39
Other track material.....	443,920.85	18,952.54	424,968.31
Ballast	139,408.95	2,998.63	136,410.32
Track laying and surfacing.....	347,641.36	30,790.59	316,850.77
Right-of-way fences.....	702.87	.....	702.87
Snow and sand fences and snowsheds.	1,655.15	.....	1,655.15
Crossings and signs.....	64,150.96	938.66	63,212.30
Station and office buildings.....	613,837.28	95,820.18	518,017.10
Roadway buildings	49,265.86	76,345.96	27,080.10
Water stations.....	37,115.92	29,437.38	7,678.54
Fuel stations	60,971.85	87,418.18	26,446.33
Shops and engine houses.....	48,396.64	17,960.18	30,436.46
Grain elevators.....	2,185.16	.....	2,185.16
Wharves and docks.....	170,884.83	.....	170,884.83
Coal and ore wharves	11,105.86	29,900.00	18,794.14
Telegraph and telephone lines.....	52,031.57	.....	52,031.57
Signals and interlockers.....	965,367.01	6,708.16	958,658.85
Power plant buildings.....	1,433.27	.....	1,433.27
Power distribution systems.....	9,489.74	1,711.10	7,778.64
Power line poles and fixtures.....	13,414.90	.....	13,414.90
Miscellaneous structures.....	9,860.99	.....	9,860.99
Paving	280.20	.....	280.20
Roadway machines.....	22,507.78	21,744.10	763.68
Assessments for public improvements.	35,917.13	.....	35,917.13
Other expenditures—road.....	33,978.63	.....	33,978.63
Shop machinery	60,952.99	80,558.95	19,605.96
Power plant machinery.....	3,460.28	.....	3,460.28
Power sub-station apparatus .....	.....	3,411.50	3,411.50
Steam locomotives	278,807.43	2,560,070.65	2,281,263.22
Other locomotives.....	28,749.73	.....	28,749.73
Freight train cars	2,624,343.07	4,094,257.38	1,469,914.31
Passenger train cars.....	163,109.20	161,547.15	1,562.05
Motor equipment of cars.....	145,921.11	10,710.32	135,210.79
Floating equipment.....	260,309.99	.....	260,309.99
Work equipment	142,684.93	166,312.92	23,627.99
Miscellaneous equipment	10,278.20	7,246.44	3,031.76
General expenditures	219,009.54	5.81	219,003.73
Total	\$9,730,961.84	\$7,723,282.03	\$2,007,679.81

LEHIGH VALLEY RAILROAD COMPANY

Classification of Tonnage for the Years Ended December 31, 1929 and 1928

COMMODITIES	1929		1928	
	TONS	PER CENT.	TONS	PER CENT.
Products of Agriculture.....	2,103,626	7.01	2,455,451	8.32
Animals and Products.....	529,564	1.76	543,233	1.84
Products of Mines.....	16,750,431	55.82	16,199,658	54.87
Products of Forests.....	619,938	2.07	644,945	2.18
Manufactures and Miscellaneous.....	9,336,515	31.12	8,965,646	30.37
Grand Total, Carload Traffic.....	29,340,074	97.78	28,808,933	97.58
All L.C.L. Freight.....	664,970	2.22	713,357	2.42
Grand Total Carload and L.C.L. Traffic	30,005,044	100.00	29,522,290	100.00

GENERAL REMARKS TO RAILROAD STOCKHOLDERS

The steady improvement in railroad facilities and increase in efficient operation, characteristic of the 10-year period—following government control, have continued. The dependable transportation service the railroads furnished during 1929—when the volume of freight traffic was one of the greatest ever handled—is not only typical, but proved an important factor in maintaining the high rate of industrial production which prevailed throughout the greater part of the year.

For almost ten years now, the railroads have faithfully carried out their part of the bargain under the Transportation Act, 1920. They have spent for improvements in that period an average of more than \$2,000,000 for every calendar day. Yet, to date, they have not been permitted to earn in any single year the fair return held out to them under the Act. And, a fair return is what Congress promised in the Transportation Act.

Continuing a forward trend, which began in 1928, business was exceptionally good during the first six months of 1929 in almost every major line of activity. During the latter half of the year, however, a gradual easing off was noticeable, becoming more apparent from month to month and reaching a marked decline in the fourth quarter—coincident with the disastrous drop in security

LEHIGH VALLEY RAILROAD COMPANY

values. Fortunately, however, this decline did not offset entirely the gains made earlier in the year. Reduced activity, undoubtedly will continue well into the first half of 1930, but the last half of the year should record a substantial recovery. It is worthy of note, in this connection, that probably the most favorable factor in the recent situation has been the reduced stocks of materials and supplies maintained generally by manufacturers and distributors, enabling them to weather the depression in much better shape than would otherwise have been possible. This, of course, is due largely to the character of transportation the railroads have furnished in recent years, which has changed the Nation's buying habits in most lines of industry and permitted reductions in inventories to a minimum.

Just before the end of the year, the Interstate Commerce Commission, after nearly ten years of study, announced a proposed plan for consolidation of railroads into twenty-one systems, the Transportation Act, 1920, having directed the Commission to make a general plan for its guidance in permitting consolidations found to be in the public interest. The railroads today are giving the best service in their history and conditions now are quite different from what they were ten years ago.

At the beginning of 1930, the railroads find themselves in sound condition and ready to handle the Nation's business with dispatch. Our entire industrial equipment is intact and operating on a highly efficient basis. Earnings in almost every line of industry during the past year were unusually large. With low inventories, the assurance of prompt marketing of finished products, and the prospect of a period of cheaper money, conditions should so shape themselves as to permit the carrying out of expansion programs to meet the demands of a growing country. Adequate transportation will be an important factor in continuing the welfare of the country on a sound economic basis and the facilities which the railroads are now able to offer should enable industry to speed up development and production.

E. E. LOOMIS,
President.



1929